

**Alaska Energy Cost Reduction Program
Progress Report**

Grantee: Alaska Power Company (a/k/a Alaska Power and Telephone Company)

Project Name: APC Skagway Line Extension Program

Grant # 2195137

Period of Report: Second Quarter Report 2004 (April 1 to June. 30, 2004)

Project existing or potential problems:

Alaska Power & Telephone continues to monitor State Department of Transportation road improvements while deferring installation of section #2, 9000 ft of underground. With the AKDOT project still not complete and no timetable for conclusion, analysis has begun of installing the line overhead.

Communications from the Southeast Alaska Regional Director of DOT/PF has given us the assurance that plans are on schedule for the safety improvements along Dyea Road, some of which is in the construction zone for this part on the extension. These communications indicate the advertising date for the road improvements is July 2004. Some relocation of existing line extension work in this corridor is required and we are authorized to proceed with engineering for relocation of conflicting utilities. All relocation and or other mitigation will be financed through a Utility Relocation Agreement with AKDOT.

Activities targeted for Next Reporting Period, Third Quarter 2004:

Continuing options review to avoid impacts to the line extension work. Overhead conductor installation review is the focus. State electrical inspector consultation is anticipated and pending review, planning and materials, the grade installation (Section #2) could be completed by Fall 2004.

Develop team to complete construction of last portion of line. This would include but not be limited to field crew, accountants, project manager, and funding coordinator.

Maintain and repair existing remote diesel generators feeding the residential and business community of Dyea. Develop continuing maintenance records and performance data.

Read consumption and generation Kilowatt-hour meters in the existing customer base listed above. Calculate peak demands, average loads, generation efficiency, line loss, fuel requirements, and lube oil requirement lists.